



Maine Transit Association
c/o Director Transportation and Waterfront
City of South Portland
46 O'Neil Street
South Portland, Maine 04106

May 11, 2011

Commissioner Mary Mayhew
Department of Health and Human Services
221 State Street
Augusta, ME 04330

Re: MaineCare Non-Emergency Medical Transportation System Redesign

Dear Commissioner Mayhew:

I am writing on behalf of the Maine Transit Association (MTA), which includes Maine's regional transportation providers. We appreciate the time you recently took to meet with several of our members regarding the MaineCare Non-Emergency Medical Transportation (NEMT) System redesign.

As you recommended, many of our members participated in the April 25th Stakeholder Meeting. Since that meeting, none of our members have received any follow-up from DHHS staff, and the Department, to our knowledge, has not announced the May forums discussed at that meeting. We are concerned that the Department is designing the brokerage system without input from providers, which will not serve Maine people well.

MTA members understand the state's challenge in working with CMS while addressing the current fiscal challenges. We do want to go on record, again, and state that we remain opposed to the brokerage model which will dismantle the statewide network of coordinated full service providers in place for over 30 years. Having said that, we are willing to work with you to design a system that will meet the needs of Maine people and obtain CMS' approval. Toward that end, this letter does the following:

1. It sets forth several alternatives to a statewide at-risk broker model that will meet CMS approval.
2. If the state continues to pursue the broker model, it offers our recommendations for the brokerage RFP. The goal of our recommendations is to make the NEMT system as efficient and responsive as possible in meeting the needs of Maine's people.

CMS Approved Options

A. Non-Risk PAHP

CMS offered a Non-Risk Prepaid Ambulatory Health Plan as an option for Maine that would preserve the benefits of our robust full service provider network. The option is clearly set forth in its November 22, 2010 letter to DHHS.

The Department has raised two concerns about this option. First, that it does not provide 24 hour services. The full service providers are ready and willing to establish a 24 hour referral service. Second, under this option, administrative costs are reimbursed at 50%, not at the FMAP rate. This small administrative cost can be covered

by the unbudgeted saving realized by the transportation rate stabilization approved in 2010. It was enacted as a “cost neutral” change, but our experience reflects a net savings of more than \$1 million a year.

B. Kentucky Model

The State of Kentucky has pursued a model that would work well for Maine. In Kentucky, there are 15 full service providers who each act as brokers and agree to provide transportation services for a capitated rate. In the Kentucky model, the broker contracts with other providers and is allowed to provide services themselves. Such a model would serve Maine well, meeting CMS’ concerns while retaining the strength of our existing full service provider network.

Risk-Based PAHP

If the state chooses to pursue a Risk-Based Pre-Paid Ambulatory Health Plan (PAHP) with a broker, MTA recommends the NEMT System Redesign do the following:

1. Exempt Maine’s rural counties from the brokerage.

CMS itself acknowledges the special challenges of providing transportation services in rural areas by allowing rural counties (11 of 16 counties) to be exempted from a Risk-Based PAHP. Maine people are well served by providers in rural areas, such as the Washington-Hancock Community Agency.

2. Retain Volunteer Coordination with the regional transportation providers.

Recruiting, supporting, and maintaining a committed and effective volunteer driver force requires a great deal of personal time and attention. In 2010, volunteer drivers working with the full service providers made 890,000 trips covering nearly 39 million miles. This is a cost effective system that works.

3. Standards for Sub-contractors

Other states that have moved to a brokerage system have seen the broker rely on small, poorly equipped and poorly trained providers, resulting in extremely poor service. To avoid this, Maine should adopt mandatory minimum standards for providers, including basic vehicle maintenance, background checks for drivers, valid driver’s licenses, and regular training for drivers, with sanctions and penalties for non-compliance.

4. Recognize and Preserve the Benefits of the Regional Transportation Providers

The existing regional transportation providers serve Maine people well. By the Department’s own admission, the NEMT system redesign is driven by federal CMS rather than any performance issues with providers. The full service providers offer Maine outstanding efficiency and service for its transportation dollars. By combining a number of funding sources including MaineCare transportation and resources from the Federal Transit Administration (FTA), the providers make the most of limited investments in transportation. In fact, the national Community Transportation Association of America often cites Maine as a model operation. See attached letter from Dale J. Marsico, Executive Director of CTAA.

There are a number of efficiencies that will be maintained by preserving the provider network in some form within the NEMT system redesign.

a. Avoid Placing Services in Funding Silos

One very real risk of a brokerage is that services become broken into separate silos by funding source. It will not serve Maine people well if one group provides medical transportation while another offers a lift to buy groceries. Maine's current system avoids this. Maine can mitigate the risks of separating funding silos by encouraging the broker to work with the full service providers. Current full service providers bring FTA general public transportation funding, along with other local revenues, that share some of the operating costs that MaineCare would have to fund in full if a broker contracted with other providers.

b. Maximize the Use of FTA Vehicles

Another reason to preserve the full service providers is that we operate state owned and FTA funded vehicles. We maximize the utility of those vehicles by using them for transportation provided pursuant to all of our funding sources. Maintaining those efficiencies should be a goal of the new system.

In addition to the practical benefits of maximizing the use of the vehicles, regional transportation providers often use MaineCare transportation funding dollars as eligible match for federal FTA funds.

c. Full Service Providers Will Prevent Improper Subsidies

As discussed before, full service providers use a variety of funding sources to maximize services in their regions. We believe this is a productive practice and should be encouraged. However, we are sensitive to CMS' concerns that MaineCare funds pay only for MaineCare related services. All regional transportation providers are aware of applicable state and federal audit guidelines to assure funds are expended as directed by each particular funding source.

d. Require the Broker to Secure a Letter of Intent

For all the reasons outlined above, the final RFP for a broker should require that prior to final Bid Award, the apparent successful broker secure a letter of intent with all of the full service providers in the broker's service area (assuming rural counties have been exempted). We are asking that the RFP require the broker to work with the full service providers and that there be a set of Terms and Conditions included in the RFP, including any contract provisions a broker could require providers to follow.

5. Reasonable Performance Guarantees

We encourage the Department to include reasonable performance guarantees in the brokerage RFP. However, we would caution that the guarantees not be so financially onerous that only the largest national brokerage firms could afford to seek the Maine contract. A reasonable guarantee and more vibrant competition for the Maine contract will best serve Maine people.

6. Reasonable Time Frame

Finally, we strongly encourage the Department to consider slowing down the pace at which it is moving to managed care for transportation. This is a complex challenge which is clearly demonstrated by the decision to temporarily halt the effort to move to managed care for health care providers under MaineCare. We do not think the Department's schedule of a June 2011 RFP and implementation in January 2012 can be done smoothly and efficiently.

Other states have had significant problems when they have moved too quickly to a broker. The following link provides information on problems being experienced in Michigan since they moved to a broker in January of this year - <http://paratransitwatch.blogspot.com/2011/01/logisticare.html> . See video #3 for highlights of the issues.

7. Obtain the Necessary Regulatory Approval

There are a number of legal steps the Department must take under Maine law before it can implement an At Risk PAHP. 23 MRSA § 4209 establishes the Interagency Transportation Coordinating Committee. The statute clearly states that "The Committee shall designate a catchment area for MaineCare Transportation providers" (23 MRSA § 4209.1-A.D). It clearly states regarding "Human services assistance" that "The Committee shall act to coordinate purchase of service contracts and serve in an advisory capacity to the department in matters concerning public transportation" (23 MRSA § 4209.4). Therefore, any change to a brokerage system would require coordination with and approval from the Committee.

8. Conduct a Financial Analysis

Finally, we request a financial analysis of the costs for providing the current range of NEMT services, along with the projected costs for proceeding with either a Non-Risk or an At-Risk PAHP.

For SFY 10, number of trips and miles, broken out by mode of transport, and breaking out FSD trips paid at old rates, for each NEMT provider.

For the first half of SFY11, same data, breaking out 7/1 – 7/31/11 data from other months to calculate cost changes due to standardized FSD rates and 6.5% rate cut.

Cost estimate for SFY11 and SFY 12, based on Member enrollment numbers projected, under current NEMT system, and for the Non-Risk and At-Risk PAHP models discussed in this letter.

NOTE: The estimates for the time following any Bid Award should be based on a stated list of assumptions arrived at with input from current NEMT providers, including, but not limited to:

- Control of Volunteer Drivers – current NEMT providers view these private vehicles as part of our "book of business", not as sub-contractors
- Rates of Reimbursement – provide either a "floor" based on current rates, below which a broker cannot go, or allow NEMT providers to negotiate with broker based on fully allocated costs.

Thank you for your time and attention to our concerns and suggestions. The members of MTA are available to meet with you at any time to discuss these suggestions or other issues related to Non-Emergency MaineCare Transportation. Working together, we can both comply with CMS regulations, state law, and provide high-quality efficient service to Maine people.

Sincerely,



Tom Meyers
President, Maine Transit Association

Cc: Michelle Probert, Office of MaineCare Services
Commissioner David Bernhardt, Maine DOT
Susan Moreau, Maine DOT
125th Maine Legislature
Governor Paul LePage